WHY?

THOSE SAUDI ARABIAN GOLD DISCS

One of the mysteries of modern numismatics is the Saudi Arabian gold disc, or disk as it is sometimes spelled. I first became interested in them in 1954 when I was able to obtain one of the larger and one of the smaller ones.

Now, five years later, I can tell the story which has been pieced together after much research and more digging. It was not too difficult to obtain the answers to What, Where, When, and How, but the Why - Oh, my! Each time I thought I was on the trail of Why, I ran into a stone wall. Little by little I have put the story together, and I am firmly convinced of what I write. Because of the difficult time I had getting the information, it is unlikely anyone will correct me!

As a start, the report of the Director of the Mint for 1943 shows gold coinage for Iran consisting of 16,953 one pahlavi and 89,403 one-half pahlavi with a note: "These coins are objects of value rather than a circulating medium." And so the stage is set for Those Saudi Arabian Gold Discs.

On page 7 of the 1945 report of the Director of the Mint we find under "Coinage by the United States for Other Countries" a footnote, "in addition, 30,4__ gold discs 916 2/3 fine were made by the Philadelphia Mint for Saudi Arabia". Bear in mind that the 1945 report was a fiscal report covering the period July 1, 1944 to June 30, 1945.

On page 3 of the 1946 report under the same heading we find another footnote "in addition the Philadelphia Mint coined 91,210 gold disks 916 2/3 fine for Saudi Arabia". Apparently the same person did not prepare both reports! Note the difference in spelling: First discs, then disks!

So we now find that the U.S. Mint coined 91,210 of the larger discs in 1945. But, I have all the monthly reports of the Director of the Mint from about 1938 to the present time. No where in any of them do they mention any gold disks for Saudi Arabia! Yet they do show all coinage for foreign countries. Why the mystery about the gold discs?

A letter to the Document Room of the U.S. Capitol showed no record of any legislation to coin the discs. A letter to the Committee on Banking and Currency was "dead-ended". Letter to the Saudi Arabian Legation in Washington was not even answered. Numerous other letters brought numerous other guesses that ranged from the story that Roosevelt brought them along on a visit to Ibn Saud to secure his cooperation to others tying in the Arabian American Oil Company (ARAMCO).

Letters to the Superintendent of the Philadelphia Mint and the Director brought a surprising amount of information. The latter is dated July 16, 1954, quoted partially:

> ".....The United States Mint has manufactured coins in the past for the Government of Saudi Arabia, and also for other foreign governments since 1871.
>
> Contracts for the manufacture of foreign coins by the United States Mint are made only with the governments concerned, the duly accredited representative of the foreign government making application through the Department of State to the Secretary of the Treasury. Foreign coins are minted in accordance with legally prescribed standards and devices of such country for which they are made.
>
> Coins manufactured by the U.S. for the Government of Saudi Arabia, dating back to 1944, have included the following denominations: Silver riyals, half-riyals, and quarter riyals: cupronickel girsh, half girsh and quarter-girsh; and gold disks.
>
> Physical properties of the gold disks --- made in 1945 and 1947 were as follows: The fineness of pure gold content was 916 2/3 and the other 83 1/3 parts being copper. The 91,210 disks made in 1945 had an individual gross weight of 493.09877 grams consisting of 452.00639 grains of gold and 41.09149 grains of copper. The 121,364 disks made in 1947 had an individual gross weight of 434.27447 grams consisting of 413.0016 grains of gold and 10.27287 grains of copper.
>
> Since the weight and metallic content of coins containing precious metals are often referred to in terms of the troy ounce, the corresponding troy weights of the gold disks are set forth below. A troy ounce contains 480 grains. (Table illegible)
>
> If interested in factual details regarding the issue of the Saudi Arabain gold disk or any foreign coins manufactured by the United States Mint, request for such information should be addressed directly to the monetary issuing authority of the government concerned."

This indeed was a surprising amount of information to start, but the Why was still missing and needless to say it was useless to ask the issuing authority for information since they did not answer my letters.

So I wrote the Treasury again and pointed out that the gold disks minted for Saudi Arabia had a U.S. eagle on them which was quite strange for a device to appear on a foreign coin. And the letters which spelled out U.S. MINT PHILADELPHIA U.S.A. Evidently the Treasury decided it had made a mistake in giving out so much information, as its answer was brief and to the point: "The discs bore the same seal that is placed on gold bars which are issued by the Mint."

I have been unsuccessful in obtaining a gold bar issued by the Mint, but after a few years I was able to get a picture of a 1946 silver bar issued by the Philadelphia Mint between the years of the coinage of the gold discs. Notice the similarity of the eagles on the small disc and the silver bar on the next page. (illegible)

In August, 1954 I wrote to the British Bank of the Middle East in Jeddah, Saudi Arabia and asked if it could furnish me either the larger or smaller of the gold discs. One month later they wrote that they could furnish me one of the small ones for about S.Rls. 40 (forty rials) "If you send us $14 U.S. dollars fourteen, that should take care of the cost of our expenses, etc." Needless to say the U.S. $14 went by registered mail with a letter asking for information or more of the same.

Two months later (after all hope was lost) a registered air mail letter came with the disc and this information:

> "We believe, though we are not sure, that these discs were minted for ARAMCO during the war when the British sovereigns were difficult to obtain.
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> They never were official currency of Saudi Arabia but certainly passed from hand to hand for value.
>
> We regret that we cannot undertake to obtain any more of these coins since you will appreciate that it is not our normal business."

Dead end again, with but some success, for I got another small disc at a reasonable price. More correspondence to others with no additional information. In September, 1954 I wrote to the Saudi Arabian Monetary Agency in Jeddah and enclosed international reply coupons for an airmail reply. No reply. Somebody made away with my postal reply coupons.

In 1957 an employee of ARAMCO who had returned to the U.S. said that before 1954 wages were paid to Saudi nationals in silver one, one-half, and one-fourth riyal pieces and in gold sovereigns worth forty Saudi Rials. Paper five and ten riyal notes were issued in 1954 when the gold sovereigns were withdrawn and paper riyal notes in 1957 when the one riyal silver pieces were withdrawn. The paper money is backed by silver. Gold and silver coins had an intristic value equal to their face falue. The rise in the price of these

metals caused the illegal export and sale of them as bullion. Many are hoarded by the Bedouins and other Saudis. It is rumored that members of the royal family were involved in some of the biggest deals.

Who else could afford to come to the United States and spend one million dollars on sixty-two (62) - specially built Cadillacs?

Along about early 1958 the larger gold discs again began to appear on the numismatic market. I was not successful in getting one of them until 1959 (because I didn't want to pay the asking price) and when I finally did, I compared it to the one I had purchased two years ago. Lo and behold, the newer ones were not like it! Before I go any further, let me quote an excerpt from a recent letter from the Treasury Department:

> "May I point out that these are not coin, that they are bullion and that it is not legal to hold them."

This is true. Those Saudi Arabian Gold Discs are not coin, and may not be legally held by collectors. As if to bear this out, I sent my large disc to someone for comparison purposes and when it was returned in the mail it was lost.

How do you tell a genuine from a counterfeit? It's real easy. Look at all the lettering on the eagle side. The genuine disc has very fine lines in and around all letters. The counterfeit has no fine lines at all, only dots. The counterfeit will also have blank spaces in the inner enclosed parts of the P, D, and P of PHILADELPHIA, while the genuine will have the very fine engraved lines. The counterfeit also has a deep indentation at the point of the M in MINT; that is the part in the center of the M that could be considered the tip of an arrow, pointing down. The finely engraved lines were put on the original dies by the Philadelphia Mint engraver (Sinnock?) just for the purpose of preventing counterfeiting that did happen. The fine lines do not appear on the smaller discs, and two distinct dies were used for the smaller ones.

The gold for the original striking of the larger discs came from the U.S. Assay Office in New York. It went to the Philadelphia mint by armoured truck, with many armed guards. The coining press was secluded with curtains so that only those directly concerned with the minting were allowed to see what went on. This operation is the same that takes place today when classified material of the Department of Defense must be safeguarded.

The dies used for these strikings of gold discs were not dated and were not U.S. Coins. Therefore, they did not have to be destroyed. It is very probable that they are still in existance at the Philadelphia Mint. The dies themselves took on the color from the gold discs, naturally, and would still look golden unless polished.

But we still haven't mentioned Why?

A letter from ARAMCO in June 1958 in reply to an inquiry, intentionally evaded the question why and referred me to the Office of International Finance in the Treasury Department. Another letter to the Saudi Arabian Embassy brought the information and rubbing of their modern gold coin made "not at Philadelphia but in Paris". I honestly believe that they did not know, probably due to many changes in diplomatic personnel from 1945 to date. A letter to the Secretary of State and the letter to the International Finance Department were all forwarded to the Director of the Mint who gave me the information quoted previously about these not being coin and being illegal to hold.

This was also in the letter:".....Also, I note that you want to write an article for a numismatic magazine. .....in doing any research that this subject has been covered many times in numismatic periodicals.....

As far as I know, up to now, the only information published on "Those Saudi Arabian Gold Discs" is that quote found in the reports of the Director of the Mint, and the quotes from the later reports appearing below a small item on page 409 of the June 1948 Numismatist under "New Coins" showing the small disc, and an illustration of the larger are in "Coin Collector's" Journal of Nov. - Dec. 1952. In Yeaman's (sp?) Catalog of Modern Coins there is a mention on page 117 with an illustration of the small disc. There is also a line or two in the New Gold Book by Friedbey (sp?). That is all."

But the Why is still not shown. Later I got a letter from the State Department that said:

> "In the course of assembling information about Saudi Arabian Discs minted in the United States .....the Department has learned that the Bureau of the Mint, having also received a letter from you, provided you with all data available from United States Government sources in a reply .....
>
> The Department presumes, therefore that your request for information has been met satisfactorily."

Naturally, I wrote back and pointed out that I had What, Where, When, and How on Those Saudi Arabian Discs, but I did not know Why! The answer?

> "The Department regrets that it can not offer more information about the minting of gold discs than was transmitted to you by the Bureau of the Mint on ....."

A letter to the United States Embassy in Jedda (no longer Jiddah) dated in June, 1958, brought this reply in October, 1958:

"Please accept my apologies for the long delay in responding

to your letter to the Ambassador requesting information on Saudi Arabian gold discs .....

A search of the Embassy files has not been successful and I have requested the information from the Arabian American Oil Company, Research Division, Dhahran, Saudi Arabia. Rest assured that I will transmit any information received from ARAMCO to you immediately on receipt."

How do we get off this merry-go-round? Evidently they found nothing because as of May, 1959, I have heard nothing more, and no one will answer Why!

On page 3 of the 1947 Mint Report, under coinage by the U.S. Mint for other countries during the fiscal year 1947, we had Saudi Arabia, Discs 916 2/3 gold, 83 1/3 copper, 123.27 grams, 121,364 pieces. I also noted that the silver pieces minted by the U.S. for Saudi Arabia had the same proportion of alloy: 916 2/3 silver, 83 1/3 copper.

On page 52 of the 1948 Mint Report we find under coinage by the U.S. Mint for other countries during the calendar year 1947: Saudi Arabia, Disks, 916 2/3 gold, 83 1/3 copper, 123,27 grains, 121,364.

On page 166 of the same report, under coinage of nations during the calendar year 1947 we find: Saudi Arabia Gold Disks: 121,364, 123.2715 grains gross weight, 916 2/3 gold, 83 1/3 copper. But still no Why!

If you have had the patience to read this far I will now tell you Why. It will be in the form of several simple statements:

1. The original concession agreement between the Arabian American Oil Company (ARAMCO) and the Saudi Arabian Government (SAG) called for payment in gold.

2. During and immediately following World War II, gold was obtainable on the open market, but at extremely high premiums.

3. Temporarily, subject to change at a moments notice, SAG agreed to accept other credits than gold from ARAMCO.

4. The United States Government and the Military, in particular, in 1946 when those discs were first minted, were really interested in seeing that the SAG oil kept flowing for U.S.

5. SAG demanded about $3,000,000 in gold. (About three days royalties)

6. ARAMCO said they could not or would not pay double the value

for gold on the open market and besides, Uncle Sam had more than he needed anyway.

If I said any more it would be superfluous, so draw your own conclusions, besides the precedent had been set by minting gold coins or discs for Iran mentioned at the start. With the large discs already made for SAG in 1945, it was comparatively easy to squeeze Uncle Sam into making sovereigns for them in 1947, about $4,000,000 worth.

But why all the secrecy?

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